

# **ZAMBIA TRADE AND INVESTMENT ENHANCEMENT PROJECT (ZAMTIE)**

**Contract Number 690-C-00-00-00283-00**

Supported By: United States Agency for International  
Development (USAID)

Implementing Contractor: Nathan Associates Inc  
2101 Wilson Boulevard, Suite 1200  
Arlington VA 22201

Sub-contractors: Independent Management  
Consulting Services Ltd  
Aurora Associates International, Inc  
Cargill Technical Services  
JE Austin Associates, Inc

## **Harmonizing Regional Cooperation In Telecommunications Sector: SADC or COMESA?**

Prepared by

**Shuller Habeenzu**

October 2003

55 Independence Avenue  
PO Box 39398, Lusaka, Zambia  
Tel: (260-1) 251177/251127 Fax: 251141  
Website: [www.zamtie.org](http://www.zamtie.org), E-mail: [ronblack@zamtie.org](mailto:ronblack@zamtie.org)

# Table of Contents

<b>1</b>	<b>Introduction.....</b>	<b>3</b>
<b>2</b>	<b>ICT Trends in SADC and COMESA.....</b>	<b>4</b>
2.1	SADC.....	4
2.2	COMESA .....	5
2.3	Implementation .....	6
<b>3</b>	<b>Telecommunications in Zambia: State of Play .....</b>	<b>6</b>
<b>4</b>	<b>Recommendations .....</b>	<b>7</b>
4.1	Regional cooperation in the provision of infrastructure.....	8
4.2	Global e-governance .....	9
<b>5</b>	<b>Conclusion.....</b>	<b>9</b>

# 1 Introduction

Since attaining independence during the fifties and sixties, African countries have embraced regional cooperation and integration as part of an economic strategy for the structural transformation of Africa and combating marginalization from the global economy<sup>i</sup>. The vision and commitment of African leaders to the ideals and principles of political and economic cooperation, as a means of mitigating the development constraints faced by many developing economies led them to, among other initiatives, create the Organization of African Unity (OAU) and the African Development Bank (ADB) in 1963 as instruments for fostering African development and unity. This commitment was later reiterated in the Lagos Plan of Action in 1980 and, subsequently, in the Abuja Treaty of 1991 and more recently in the New Economic Partnership for Africa's Development (NEPAD), which envisions the ultimate creation of the African Economic Community (AEC).

The desire to overcome the economic disadvantages of fragmentation has given rise to the establishment of a plethora of treaties and regional institutions (see Figure 1).

A distinguishing feature of regional integration in Africa is the multiplicity of regional integration initiatives and institutions, many of them with significant overlapping goals and membership<sup>1</sup>. Within the five main regional groupings associated with the African Union (SADC, COMESA, ECOWAS, CEMAC and the Arab Maghreb Union), ten countries belong to more than one regional grouping, with the Democratic Republic of the Congo holding three memberships. This has led to duplication of effort, and inefficient allocation of scarce resources while putting heavy strains on the national budgets and expertise of member countries.

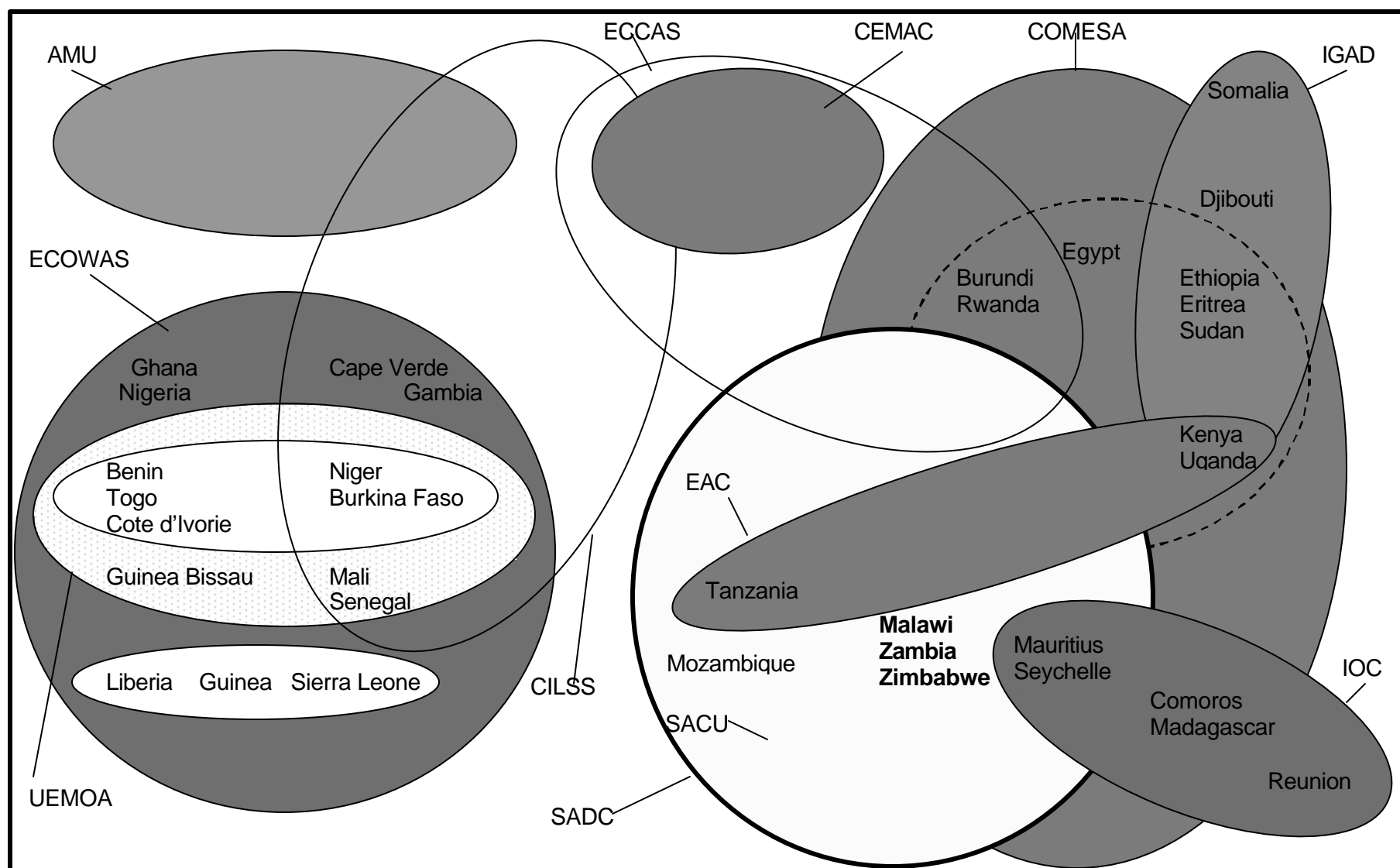
Perhaps no other organisations illustrate this pervasive problem of overlapping commitments more than SADC and COMESA – a region that cuts across two geographical regions. Out of the 14 members of SADC, 9 are members of COMESA. The overlap and duplication of mandates and the multiple memberships of countries in both SADC and COMESA raise particular challenges for regional cooperation and integration problems and call for rationalisation of their roles to strengthen the basis of cooperation in the region. In the past, there have been various attempts by SADC and COMESA to eliminate membership and mandate overlap. However, these have not succeeded. Some countries were ambivalent because of commitments to other regional institutions, e.g. Zambia houses the headquarters of COMESA, while Lesotho and Swaziland gain important benefits from the South African Customs Union (SACU)<sup>ii</sup>.

In the recent past efforts to eliminate membership and mandate overlaps have been replaced by a decision from the Authorities of both organizations that they should co-exist as complementary and autonomous entities<sup>iii</sup>, and that both Secretariats should have continuous consultations on programmes of common interest with a view to joint implementation. Since 1997 the officials

---

<sup>1</sup> In addition, a number of SADC countries were active participants in the Cross-Border Initiative (CBI), which was supported by the AfDB, EC, IMF and the World Bank during the 1990s, and which has been succeeded by the Regional Integration Facilitation Forum (RIFF). The RIFF is linked to the same international institutions and regional organizations. These cooperating partners provide a support mechanism for those countries that wish to undertake 'fast track' structural reforms aimed at improving market efficiency.

**Figure 1: Overlapping Regional Integration Blocks in Africa**



AMU – Arab Magreb Union, CBI-Cross-Border Initiative, CEMAC-Economic and Monetary Community of Central Africa; CILSS, Permanent Interstate Committee on Drought Control in the Sahel COMESA:- Common Market of Eastern and Southern African States, , EAC – East Africa Community, ECCA-Community of Central African States; ECOWAS-Economic Community of West African States, IGAD-Intergovernmental Authority on Development, IOC-Indian ocean Commission, SACU – South African Customs Union, SADC: Southern Africa Development Community, UEMOA-West African Economic and Monetary Union.

And chief executives of both organizations have participated in each other's meetings. For example, as recently as February 2003, a coordination meeting to discuss joint activities between TRASA and the newly formed ARICEA (the association of Regulators in COMESA) was held under the auspices of the Southern Africa ICT Policy and Regulatory Support Program (SIPRS) - a USAID funded project based in Botswana. The significance of this meeting is that both bilateral and multilateral donors and other regional projects agreed to help reduce duplication by providing resources for joint TRASA and ARICEA activities<sup>iv</sup>.

Nonetheless, it needs to be acknowledged that better cooperation between the two organisations will not resolve the overlap problems in membership or mandates.

#### **Southern African Development Community (SADC)**

The SADC was officially established on 17 August 1992 in Windhoek, Namibia. Mauritius became a member of SADC on 28 August 1995. Today, SADC regroups 14 member states, namely Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

The major objectives of SADC are, *inter alia*, to achieve, through regional cooperation and integration, the development and economic growth of the member states, alleviate poverty and enhance the standard and quality of life of the peoples of Southern Africa. The key sectors in SADC are: Trade and industry; Food, agriculture and natural resources; Energy; Transport and communications; Human resources development; Mining; Tourism; Culture and information; Finance and investment; Water; Employment and labour. **SADC**

#### **Common Market of Eastern and Southern Africa (COMESA)**

The Treaty establishing COMESA was signed on 5th November 1993 in Kampala, Uganda and was ratified a year later in Lilongwe, Malawi on 8th December 1994. Member countries are Angola, Burundi, Comoros, D.R. Congo, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

COMESA replaced the former Preferential Trade Area (PTA) which had existed from the earlier days of 1981. COMESA is concentrating its activities on trade liberalisation and customs cooperation; administrative aspects of transport and communications to make the movement of goods, services and people between countries in the region administratively easier; promoting the adoption of a common set of industry standards; promoting the establishment of a stable and secure investment climate; creating a legal framework within which businesses can operate within the region; and playing a role in harmonising macro-economic and monetary policies

This paper describes the progress achieved towards regional harmonization in telecommunications sector and examines the implications of the overlap problems for Zambia. In particular, it seeks to address the central and seemingly difficult challenge facing the Zambia to select a single organization between the two, through which it can channel its ICT integration energies in the decades ahead and the justification thereof.

## 2 ICT Trends in SADC and COMESA

Africa has recently been moving towards regional integration in the area of telecommunications. Several initiatives, such as the Africa Information Society Initiative (AISII) and Connection Africa, are currently underway at both global and continental levels that are likely to impact on the Zambian IT industry. At a sub-regional level, SADC and COMESA have both adopted a variety of measures to improve the use of ICTs which will affect connectivity rollout in the region and in Zambia as well.

### 2.1 SADC

SADC has been at the forefront of all the regional organizations in recognizing that information and communications technologies (ICT) is a critical enabler to sustainable socio-economic growth and also a vital ingredient for effective regional coordination in the creation of larger markets in Africa. From inception, this has been emphasized through the creation of the Southern Africa Transport and Communications Commission (SATCC) which is directly funded by member state.

SADC efforts in promoting regional cooperation and integration in the area of information and communication technologies (ICT) are exemplified by the following activities:

- The SADC Human Resources Sector developed the *SADC Protocol on Education and Training*, signed in 1997. It promotes curriculum development and training, and coordinates policies, strategies and programmes promoting science and technology.
- The Southern African Transport and Telecommunications Commission (SATCC) formulated the *Model Regulatory Framework for Telecommunications* in 1998. Of the 14 member states, 11 have established and have operating policies and autonomous regulatory authorities. Human resource development in this new field of regulation is a priority for the Telecommunications Regulatory Authority of Southern Africa (TRASA). In the remaining countries, progress in the application of the frameworks is in an advanced stage.
- The Southern African Telecommunications Association (SATA) obtained agreement on the *GSM standard for SADC countries*. SATA handles issues such as: technical standards, tariffs, sub regional information infrastructure (SRII), cross-border investment (satellite technology) and public/private partnerships.
- TRASA has developed the *Model Telecommunications Bill* as well as regional *guidelines on interconnection, tariffs and the frequency band plan (2.0MHz -30.1GHz)*. TRASA has also produced draft guidelines on universal access and services, licensing policy and implementation strategy in the SADC.
- TRASA has commissioned a project with the SADC and the Development Bank of Southern Africa (DBSA) to establish a database within the region. Information and performance indicators collated on a national level will be fed through to the SADC level to promote informed decision-making.
- Twelve SADC governments have signed the SADC Protocol on Transport, Communication and Meteorology, published in March 1998. It details the need for a

regional telecommunications policy and provides guidelines on issues from universal service, to technical standardization.

- The SADC drafted and adopted the Lusaka 1999 Theme Document: *The Challenges and Opportunities of IT for SADC in the New Millennium*, at the biannual Ministers meeting.
- SADC member countries have adopted at presidential level the policy guidelines on *Making ICT a priority in turning SADC into an Information-Based Economy* produced by SATCC.
- All fourteen heads of state or government of the Southern African Development Community (SADC) signed a Declaration on Information and Communications Technology on 14 August 2001. This Declaration, among other things, commits to prioritizing areas of action for bridging the digital divide in the SADC region.
- SADC ministers responsible for Communications recently adopted guidelines on *Fair Competition and Whole sale pricing; Universal Service/Access*
- In the area of Human Development and information sharing, TRASA has developed, with the help of co-operating partners NetTel@Africa; E.learning – a distance training programme for regulators which is ready for roll out.

## **2.2 COMESA**

COMESA activities in promoting development of ICTs in the region have been grounded in the understanding that telecommunications is an important factor in facilitating trade among member states. Initially, this focussed on reducing tariffs to promote trade in ICT equipment. However, this has had limited success as very few member states produce ICT equipment that would qualify under the rules of origin criteria. The major ICT equipment producer is South Africa, which is not a member of COMESA.

In early 1998, an initiative was undertaken to promote the establishment of a regional telecommunications network, known as COMTEL to develop the terrestrial telecommunication links between neighbouring states in COMESA, harmonise and upgrade the cross-border information systems in transport, customs, import/export and trade. This was the outcome of a study on telecommunications network inter-connectivity and tariff harmonization which was undertaken by Telia Swedtel on behalf of COMESA and had financing from the African Development Bank. The aim of COMTEL is to facilitate increased trade relations within the region of eastern and southern Africa. The project which is now behind schedule will be implemented by COMTEL, an offshore company to be registered in Mauritius. The network will be managed as a private limited liability company with an investment cost of approximately US \$300 Million.

It is envisaged that the project will bring together a number of regional and international investors in the telecommunications sector. Regional participation will primarily be spearheaded by various National Telecommunication Operators (NTOs), representing different COMESA member States.

The actual share holding structure is yet to be agreed upon. Share allocations consist of:

- NTOs representing COMESA member States, who will own 25%
- One strategic equity partner with experience in telecommunication, who will be entrusted with various aspects of implementation and management of the company. This strategic partner will have 30% of the shares.
- The private sector will be entitled to the remaining 45% of shares.

The Regional Network will use Asynchronous Transfer Mode (ATM) technology. However, the proposed company will select the appropriate technology on a country to country basis. For example, in some countries optical fiber networks may not be practical or possible, in which case microwave or satellite technologies will be used. The network using existing layout infrastructure where available as well as new transmission routes employing a mix of fiber-optic cable, digital microwave and satellite systems. COMTEL aims to provide service quality as well as competitive rates to its customers (the chargeable rate is estimated at US\$ 0.1/minute). The viability study carried out based on the required investment costs and traffic projections show good returns on investment.

More recently, COMESA has initiated programmes to harmonise ICT policies in the region as a basis for creating large markets to attract foreign investment into the region. In 2002, COMESA has adopted drafted a Model ICT policy which draws heavily on the SADC protocols, and guidelines. In 2003, COMESA also established Association of Regulators of Information and Communication in Central and Eastern Africa (ARICEA) which is modelled on and cooperating very closely with TRASA. Essentially, there is very little difference in the ICT policy models and regulatory guidelines of SADC and COMESA. Both are essentially aimed at creating large markets so as to attract foreign investment in telecommunications infrastructure. In both cases, the policy models and regulatory guidelines have been developed within the spirit of the WTO Basic Reference paper on telecommunications regulation.

## **2.3 Implementation**

Both the SADC and COMESA regional initiatives highlighted above relate mostly to policy harmonisation. The variations in the levels of development among member states of both organisations and the lack of enforcement mechanism means that implementation progress has been very slow in most countries<sup>v</sup>.

This exemplifies one of the challenges facing the pursuit of economic integration in both SADC and COMESA: regional protocols are assigned and schedules are set without any real political commitment. Similarly, agreements are reached but some countries do not honor them, even though they are parties to the agreements.

Hence, while regional integration is essential in a globalizing world, regional integration cannot be a substitute for sound and competitive policies at the national level.

## **3 Telecommunications in Zambia: State of Play**

Since 1993, Zambia has undertaken a number of measures to reform the telecommunications sector. These have included liberalization of equipment industry, separation of posts and telecommunications operations into independent business units, liberalization of the broadcasting industry and setting up of an autonomous telecommunications and broadcasting



regulatory authorities as well establishment of mobile cellular mobile operators and Internet service providers (ISPs).

A major outcome of the above reforms has been the rapid growth of cellular mobile telephony, which has surpassed fixed line services in terms of the number of subscribers. Increasingly, cellular mobile telephony has become the primary vehicle for providing universal access to voice telephony.

Despite the sector reforms outlined above, Zambia lacks a modern digital ICT infrastructure that reaches most parts of the country and which can provide a platform for transition to a knowledge-based economy. The key problem is continuing lack of investment in telecommunications infrastructure. More fundamentally, inadequacies in ICT infrastructure also reflect underlying deficiencies in the institutions and policies that govern the sector. To date Zambia lacks an integrated ICT policy. This has resulted in fragmented efforts, with many pilot projects. Regional agreements have been signed without translating them into national policies.

Currently the government and the regulator have had to depend on the Telecommunications Act, which itself is grossly inadequate, for policy guidance.

## **4 Recommendations**

The recommendations below are based on the assumption that collapsing either SADC or COMESA into the other is a matter for the long-term, politics permitting. The high possibility of Zambia's unwillingness to give up COMESA which is located in Lusaka, on the one hand and the lack of adequate mechanisms for carrying out rationalization strategies on the other, is likely to hamper progress in attaining regional integration goals as action is many fronts at the same in resource constrained environment can easily result in lack progress in all areas.

In this respect, Zambia's strategy to promote regional cooperation in telecommunications should be evolutionary, flexible and pragmatic. It should be evolutionary and flexible in the sense that Zambia must recognize that comprehensive integration will entail sustained national sector reforms and adherence to the protocols beyond the rhetoric of signing ceremonies to promote sectoral cooperation in the provision of public goods. Zambia's strategy should be pragmatic in the sense that, it should focus on areas which yield immediate pay-offs in terms of overcoming the costs of economic fragmentations and poor infrastructure.

These include:

### **1) Pro-competitive ICT policy and regulatory framework**

- a) Adopt competition as a basis for further development of the sector:
- b) Effective separation of policymaking, regulating and operational management functions

### **2) Infrastructure & Financial resources**

- a) Make development of national digital (optic fibre) backbone a top national priority.
- b) Foster effective and enforceable regional collaboration and harmonization in ICTs to capture the associated benefits of large markets.

### **3) Human resources**

- a) Develop public sector capacity to formulate and implement appropriate ICT policies and to regulate them.
- b) Integrate ICT training into the tertiary education curricula

The SADC region and South Africa in particular, has the largest ICT infrastructure and most advanced ICT training institutions in Africa. Zambia stands to gain more by being in the same regional integration agreement with South Africa. On the other hand, most of the COMESA countries that are not members of SADC are either characterized by internal conflict or are very small: Burundi, Eritrea, Ethiopia, Rwanda and Somalia are in permanent internal conflict. The Comoros and Djibouti have a very small population. Only three countries could make a meaningful contribution to a telecommunications integration scheme: Kenya, Uganda and to a lesser degree Madagascar, which is also a member of the Indian Ocean Commission. Kenya and Uganda in turn are trying to implement their own integration project: together with Tanzania they are working on the revitalization of the East African Community (EAC).

#### ***4.1 Regional cooperation in the provision of infrastructure***

Currently, Zambia's links to the global communication networks is based on terrestrial network links with other southern African countries as well as international satellite links. Terrestrial networks connect Zambia to nine other countries – Congo DRC, Botswana, Malawi, Tanzania<sup>2</sup>, Kenya, Ethiopia, Uganda and Zimbabwe. These links transit through Zambia's neighbors who are all members of SADC.

Zambia also has three satellite earth stations installed in Mwembeshi, 43km out of Lusaka. In addition to telephony and data related services, both earth stations transmit and receive international television signals from Intelsat global coverage beams. The Mwembeshi satellite earth station facility provides connections to Australia, France, Germany, India, the Netherlands, Angola, Canada, Lesotho, South Africa, Swaziland, UK, and the USA (AT & T and MCI). The top four routes which account for approximately 75% of for Zambia's international traffic are South Africa, UK, USA and Zimbabwe.

Most of Zambia's international traffic is through satellite which is not only inadequate but also expensive. Lack of adequate social and economic infrastructure remains one of the key constraints to sustainable development in Zambia today. The telecommunications infrastructure is both inadequate and inefficient, translating into high transaction costs thereby inhibiting investment and hampering Zambia's regional economic competitiveness.

Development of a national integrated information infrastructure that is globally interconnected and that can provide the backbone of a modern economy is a high priority for Zambia. The opportunity cost of not moving as rapidly as possible to developing a dynamic infrastructure and flexible regulatory framework to enable will only result in further marginalisation from the global economy.

The construction of a national digital backbone based on optic fiber is now a major priority for Zambia. The consensus among telecommunications experts<sup>vi</sup> indicates that the nearest and most feasible route to the submarine optic fiber cable will be through Katima Mulilo in Namibia

---

<sup>2</sup> Part of the Pan-African Telecommunications (PANAFTEL) network link Southern and East Africa

or through Kazungula in Botswana in that order. Again, both Namibia and Botswana are members of SADC

As a landlocked country, Zambia shares borders with eight different countries. Capitalizing on its central geographic location, Zambia has the potential to become the telecommunications hub of the region by upgrading and extending digital backbone-type communication links with all her neighbors. Modern technological advancements and the development of the global telecommunications industry provide a significant opportunity for Zambia to develop an ICT industry in which it would hold a high comparative advantage.

The development of the requisite telecommunications infrastructure can be achieved through regional cooperation or collaborative programs outside the trade related regional integration agreements under COMESA or SADC. Regional cooperation does not generally require trade preferences just as collaboration in infrastructure development does not require regional integration to happen<sup>vii</sup>. Bilateral agreements could be regarded as substitutes for and could play a constructive role as building blocks in the process of regional integration in southern Africa<sup>viii</sup>.

## **4.2 Global e-governance**

Internationalization of telecommunication services has resulted in the largest and most complex system by human beings. As a result, core aspects of policy decision-making are being transferred from the national level to the global level. Increasingly, there is a growing link between regulatory frameworks that are emerging from multilateral organizations and development of ICTs at national levels.

Intergovernmental organizations like the World Trade Organization, International Telecommunication Union, World Intellectual Property Organization; regional forums like the Organization for Economic Cooperation and Development (OECD), and new policy institutions dedicated to ICT such as World Wide Web Consortium, Internet Engineering Task Force and the Internet Corporation for Assigned Names and Numbers (ICANN), have become extremely important as their decisions directly affect developing countries, like Zambia. Market access and regulatory commitments to the World Trade Organization (WTO) are influencing domestic ICT policies, particularly the liberalization, privatization, competition and investments in the telecommunication sector.

Effective participation in global fora and determination of agendas and international outcomes is far more likely through regional blocs such as the SADC, which is more advanced down the road than COMESA. However, this will require moving beyond the current rhetoric to high-level protocols officially binding countries to sustained collaboration on international participation including resource and information sharing for international meetings and subsequent implementation or enforcement.

## **5 Conclusion**

On the overall, there is a great overlap between COMESA and SADC with respect to membership and integration activities in the telecommunications sector. Both organisations have focused their work on harmonising telecommunications policy and regulatory environment. SADC has led the way in the ICT sector, developing model policy, frequency planning and

management and establishment of TRASA - a regional association of regulators in southern Africa.

In summary, there has been more progress achieved in harmonising policy and regulatory frameworks under SADC than COMESA or any other regional integration organisation in Africa. The progress by SADC has provided models for ECOWAS and COMESA who are in the process of setting similar institutions to TRASA, i.e. West African Telecommunications Regulators Association (WATRA) and ARICEA, in their respective regions. Clearly, SADC and TRASA are far ahead of COMESA in their efforts towards regional integration of the telecommunications sector. The various ICT protocols of COMESA draw heavily on the SADC protocols, and guidelines. The only exception to SADC is COMESA's COMTEL project - which is overtly ambitious given current slow pace of regional integration.

Furthermore, for Zambia effective participation in global fora and determination of agendas and international outcomes is far more likely through the SADC – which is more advanced in harmonizing the regional ICT policy frameworks.

Zambia's current ICT priorities centre on development of infrastructure that is capable of serving as a national backbone and is globally connected. The most feasible routes at present are either through Botswana or Namibia, both of whom are members of SADC. The construction of connection networks to optic fiber networks in Botswana or Namibia can be achieved under the framework of bilateral co-operation between the countries concerned and which is provided for in SADC framework of regional cooperation.

Therefore, should Zambia have to choose between SADC or COMESA, current evidence strongly suggests that given the current telecommunications development agenda, Zambia would be better served by opting to remaining in SADC rather than COMESA.

---

i Alemayehu Geda and Haile Kibret Regional Economic Integration in Africa: A Review of Problems and Prospects with a Case Study of COMESA. SOAS, Dept of Economics University of London, July 2002 (processed)

ii Simon, David and Johnson, Alexander: The Southern African Development Community: Regional Integration In Ferment. Briefing Paper New Series No. 8 December 1999 Southern Africa Study Group. The Royal Institute of International Affairs. 1999.

iii Ngwenya, Sindiso Reviewing The Differences And Common Goals of SADC and COMESA, in Regional Integration In Southern Africa: Comparative International Perspectives

iv dot-GOV Consortium :Quarterly Report - March 2003. Internews.  
[http://www.internews.org/activities/internet\\_issues/dotgovrep\\_2003\\_03-6.html](http://www.internews.org/activities/internet_issues/dotgovrep_2003_03-6.html)

v Hastings, Thomas (2000): The Southern African Dimension. In: Melber, Henning (ed.): Namibia - A Decade of Independence 1990 to 2000. Windhoek: Namibian Economic Policy Research Unit, pp. 191-211.

vi Personal discussions with senior Zamtel officials

vii Schiff, M. and Winters, A. : Regional Integration and Development World Bank. 2003

viii Snow, Thomas. Faye, Michael. McArthur, John and Sachs, Jeffrey. Country Case Studies On The Challenges Facing Land Locked Developing Countries. Human Development Report Office. Occasional Paper UNDP.2003